

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
Land Division  
Honolulu, Hawaii 96813

May 11, 2007

Board of Land and Natural Resources  
State of Hawaii  
Honolulu, Hawaii

PSF No.: 07HD-018

Hawaii

Cancellation of Revocable Permit No. S-7271 and Issuance of Month-to-month  
Revocable Permit for Pasture Purposes to Kapapala Ranch, Kapapala, Ka'u,  
Hawaii, Tax Map Key: 3<sup>rd</sup>/9-8-01:03, 06 & 13.

APPLICANT:

Kapapala Ranch, a Hawaii Limited Partnership whose business and mailing address is  
P.O. Box 1639 Hilo, Hawaii 96721-1639.

LEGAL REFERENCE:

Sections 171-13 and -55, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands situated at Kapapala, Ka'u, Hawaii, identified by Tax Map  
Key: 3<sup>rd</sup>/9-8-01:03, 06 & 13, as shown on the attached map labeled Exhibit A.

AREA:

8,141.861 acres, more or less.

ZONING:

State Land Use District: Agriculture  
County of Hawaii CZO: 20-acre agriculture

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES

CURRENT USE STATUS:

TMK: 3<sup>rd</sup>/9-8-01:03 & 06, vacant and unencumbered.  
TMK: 3<sup>rd</sup>/9-8-01:13 encumbered by RP S-7271

CHARACTER OF USE:

Pasture purposes.

COMMENCEMENT DATE:

The first day of the month to be determined by the Chairperson.

MONTHLY RENTAL:

To be determined by staff appraiser, subject to review and approval by the Chairperson.

COLLATERAL SECURITY DEPOSIT:

Twice the monthly rental.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with the "Division of Land Management's Environmental Impact Statement Exemption List", approved by the Environmental Council and dated April 28, 1986, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, Item No. 2 that states "existing authorized use of State land that continues with no interruption or change in use."

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO <u>  </u>
Registered business name confirmed:	YES <u>X</u>	NO <u>  </u>
Applicant in good standing confirmed:	YES <u>X</u>	NO <u>  </u>

REMARKS:

These parcels were formally under lease to Ka'u Agribusiness for both pasture use and sugar cane cultivation. While the majority of the parcels have historically been used for pasture, pockets of these parcels comprising a little less than 1,000 acres were used for sugar cane cultivation.

Kapapala Ranch has operated in this area for the past thirty (30) years. In 1977, Gordon Cran purchased the ranching operation from Parker Ranch who operated the property for only two years after acquiring it from Hawaiian Ranch in 1975.

Gordon Cran was employed by Hawaiian Ranch from 1950 to 1954 and was the Kapapala Ranch Forman for four years. During that time, much of the ranch lands were being withdrawn from sugar cultivation, and Cran had first hand experience with the economic impact to the ranch. With over sixty years of ranching experience, staff is confident that Kapapala Ranch will continue the high level of professional management of State lands.

The long-term intention of Kapapala Ranch is to run a profitable ranching enterprise. All the lands that Kapapala Ranch currently operates belong to the State of Hawaii. These lands include General Lease No. S-5374 encompassing approximately 22,684 acres along with Revocable Permit Nos. S-7271 and S-7419 utilizing almost 5,100 acres.

Although the preference is always to put leases for such use to public auction, staff is recommending a revocable permit for the following reasons:

- In the interest of maximizing the revenue and productivity of State lands, staff feels that these parcels should be studied for possible subdivision of former sugar cane areas for intensive agricultural uses and remaining marginal areas for pasture.
- Although Kapapala Ranch currently maintains a revocable permit for use of water from a former tunnel in the forest reserve, the amount of water available from the source and the size of the transmission system are insufficient to support both ranch and additional intensive agricultural uses. Staff feels that there needs to be a more comprehensive study of the water availability, uses, storage and distribution alternatives before these former sugar cane areas can be put to more intensive agricultural uses.
- Until we have solutions to the long term water issues and subdivide the areas appropriate for more intensive agricultural uses, grazing may be the best method to control the fire hazard, noxious weeds, etc.

Staff is recommending that Kapapala Ranch continue to participate with the department of Land and Natural Resources Division of Forestry and Wildlife (DOFAW) in the Cooperative Game Management Area (CGMA) similar to the terms and condition stated in RP S-7271.

Various Federal, State and County agencies were solicited for comments and are included here.

STATE AGENCIES	COMMENTS	COUNTY AGENCIES	COMMENTS
Department of Health	No comment	Planning Department	No objection
Dept. of Hawaiian Homes Land	No comment	Dept. of Public Works	No comment
DLNR Historic Preservation	<i>No response</i>	Dept. of Environmental Management	No comment
DLNR Forestry & Wildlife	<i>No response</i>	Dept. of Water Supply	No objection
DLNR Water Resource	No comments	Police Department	No objection
		Parks & Recreation	No objection
		<b>OTHER AGENCIES</b>	<b>COMMENTS</b>
		Corps of Engineers	Request applicant submit plans for any activity occurring in the Uewale and Waihaka streams
		Office of Hawaiian Affairs	<i>No response</i>

The Applicant has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

Kapapala Ranch is an existing Lessee under General Lease No. S-5374 and does qualify as a bono fide rancher pursuant to §171-14.5, HRS.

Staff is recommending that the Board cancel Revocable Permit No. S-7271 and authorize the issuance of a new revocable permit for pasture purposes to Kapapala Ranch.


RECOMMENDATION: That the Board:

1. Authorize the cancellation of Revocable Permit No. S-7271 and issue a new revocable permit for pasture purposes to Kapapala Ranch covering the subject area for pasture purposes under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:

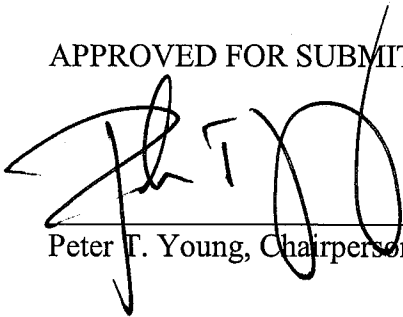
- a. The standard terms and conditions of the most current revocable permit form, as may be amended from time to time;
- b. Permittee shall participate in Division of Forestry and Wildlife's (DOFAW) cooperative hunting program;
- c. Permittee shall apply as a cooperator with the Ka'u Soil and Water Conservation District;
- d. Review and approval by the Department of the Attorney General; and
- e. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

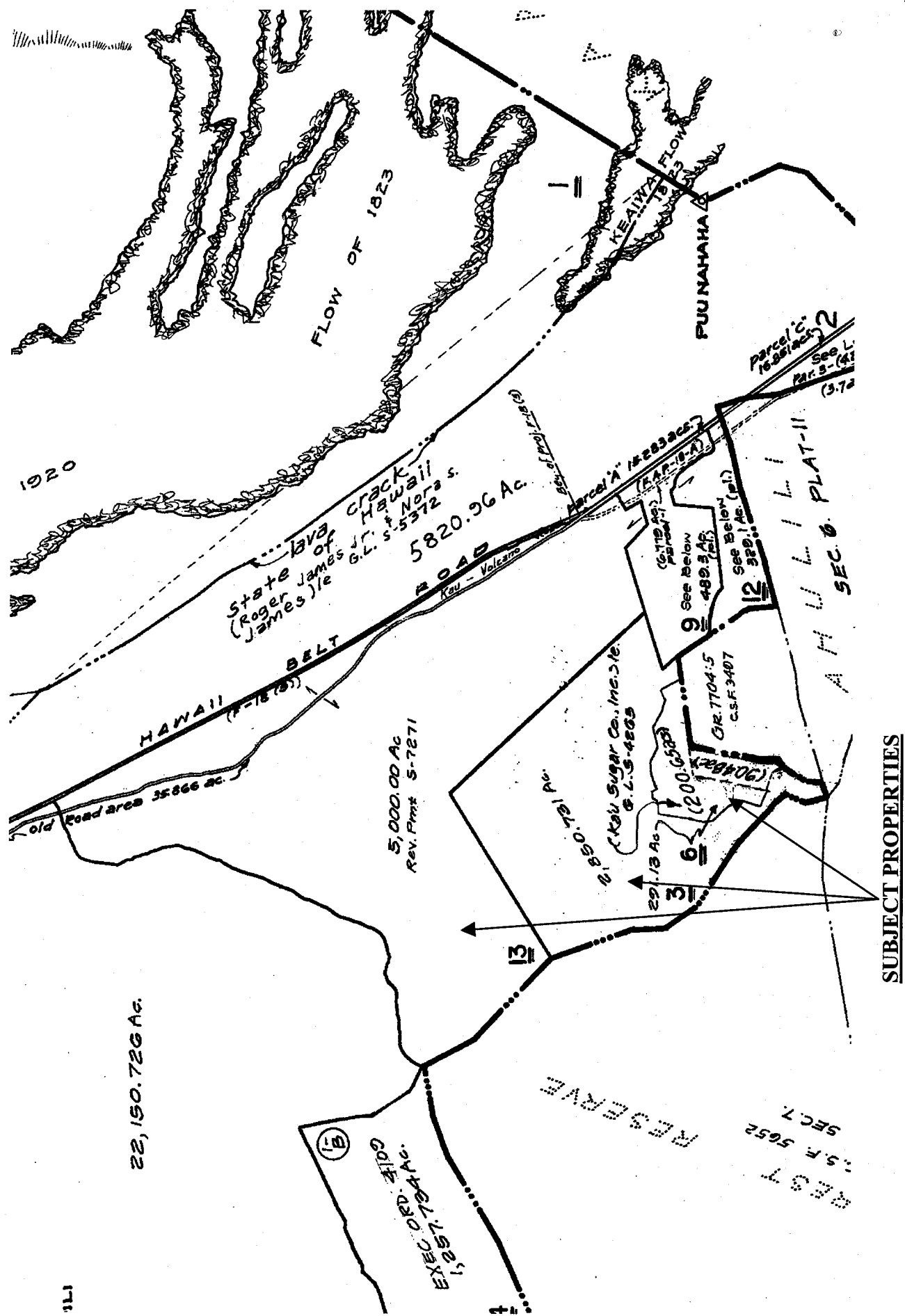


 Gordon C. Heit  
Land Agent

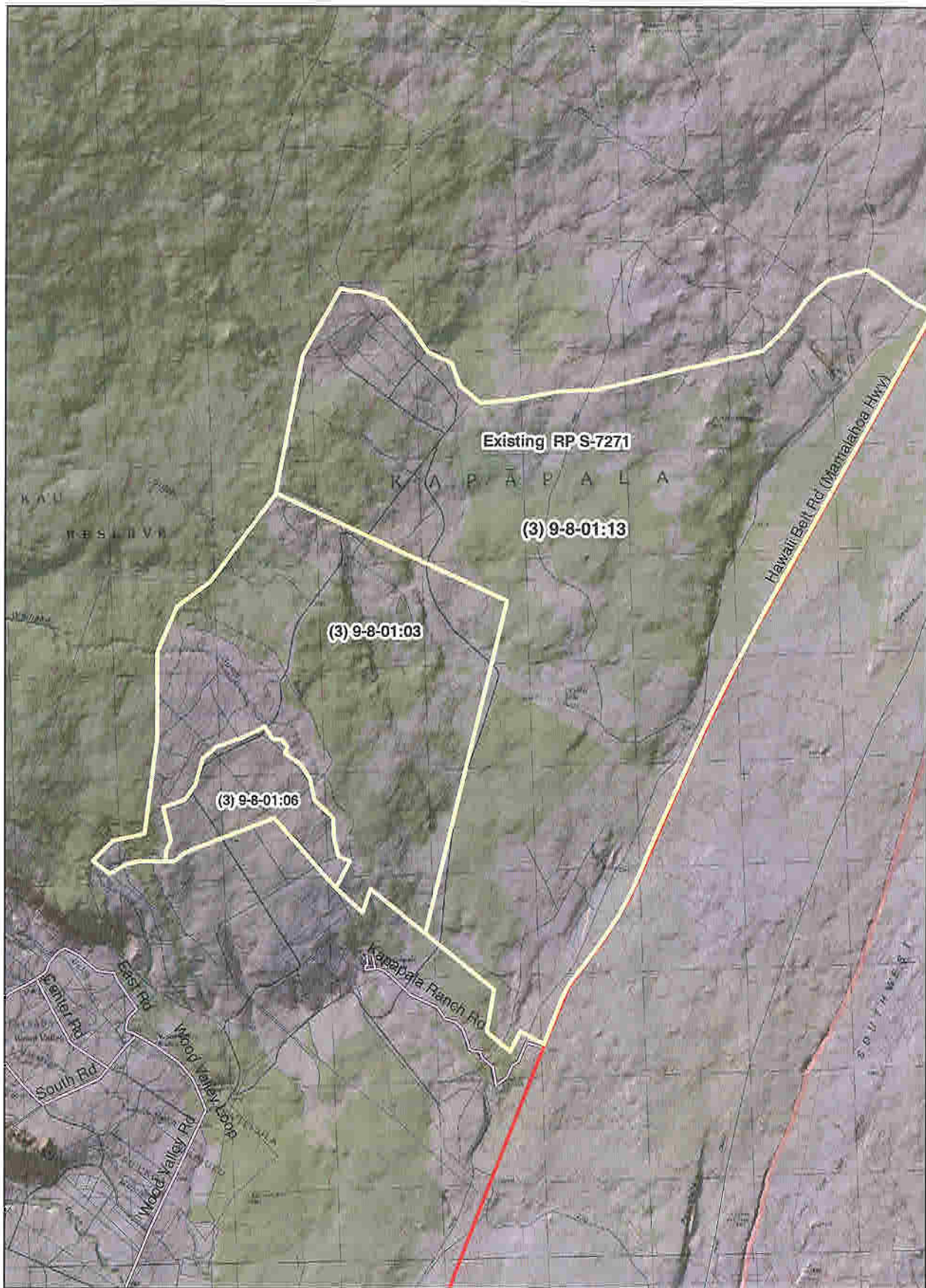
APPROVED FOR SUBMITTAL:



Peter T. Young, Chairperson



# Kapapala Ranch RP Request



0 1,500 3,000 6,000 9,000 12,000 Feet

